

AN UNCERTAIN FUTURE FOR THE ASSETS OF NON-RE-REGISTERED BULGARIAN COMPANIES

On 31 January 2015 the term for filing for the liquidation of companies that were not re-registered with the Bulgarian Commercial Register (CR) before 31 December 2011 expires. This deadline is important, first, for investors that hold shares in such companies that still have assets and, secondly, for the creditors of such companies.

Background: The Commercial Register Act provided that all legal entities established in Bulgaria before 1 January 2008 should be re-registered before 31 December 2011. Companies which failed to re-register were prevented from operation and required to be liquidated. As a result, such non-re-registered companies are not allowed to dispose of their assets, otherwise than within a liquidation procedure.

Creditors that are parties to pending court or arbitration proceedings with non-re-registered companies may continue to file for liquidation until 31 January 2017. Under certain circumstances, this period could be extended until 31 December 2022.

If a company has not been, or is not re-registered for liquidation within the time limits it will be considered as terminated as a commercial entity without going through a liquidation procedure and, thus, without distributing its assets. Therefore, the company will no longer be able to satisfy any claims by its shareholders or creditors. It is currently unclear to whom title to assets held by such companies will flow.

Shareholders or creditors of Bulgarian (not re-registered) companies that have certain assets should therefore file for re-registration for liquidation until 31 January 2015 (or 31 January 2017 in the context of a pending litigation), in order to protect their interests.

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